

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

HB 471 - SB 1867

April 4, 2011

SUMMARY OF BILL: Requires annual Hope Scholarship award amounts to be established at either the amount initially received by the student, or at the amount awarded for initial recipients in the current semester of enrollment, whichever is greater. This requirement will apply to the Hope Scholarship, the Hope Access Grant, the Aspire award, the General Assembly Merit Scholar Supplemental Award, the Wilder-Naifeh Technical Skills Grant, and the Helping Heroes Grant. Requires the General Assembly to establish the scholarship award amount for each scholarship annually in the general appropriations act.

ESTIMATED FISCAL IMPACT:

On March 21, 2011, a fiscal note was issued estimating a fiscal impact as follows:

*Decrease State Expenditures - \$2,455,000/FY11-12/Lottery for Education Account
\$3,805,300/FY12-13 and Subsequent Years/
Lottery for Education Account*

Due to misinterpretation of the bill, this impact was in error. Based on further review, the estimated impact is:

(CORRECTED)

Other Fiscal Impact - In any fiscal year the scholarship award amounts are reduced in the general appropriations act, there will be a decrease in state expenditures from the Lottery for Education Account (LFEA) depending upon the extent of the award reductions enacted. In any fiscal year the scholarship award amounts are increased in the general appropriations act, there will be an increase in state expenditures from the LFEA depending upon the extent of the award increases enacted. Otherwise, the fiscal impact of this bill is not significant.

Assumptions:

- The fiscal impact of this bill is dependent upon the scholarship award amounts that will be established by the General Assembly in the general appropriations act each year.

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- The Tennessee Student Assistance Corporation (TSAC) estimates that 24,550 entering freshmen will be eligible for Hope scholarships in the fall semester of 2011. This number is assumed to remain constant in subsequent years. Therefore, 24,550 students could be impacted in FY11-12 depending upon action taken by the General Assembly.
- Fifty-five percent retention rate for first-year students retaining Hope scholarships into their second year. Therefore, 38,053 $[24,550 + (24,550 \times 55\%)]$ students could be impacted in FY12-13 and subsequent years depending upon action taken by the General Assembly. This number is assumed to remain constant in subsequent years.
- Given that future action by the General Assembly is unknown, a precise fiscal estimate for this bill cannot be quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc